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Approved For Release 2002/01/24 : CIA-RDP79-00498A00040007-2
ROUTING AND RECORD SHEET OGC has Reviewed

SUBJECT: (Optional)
STATINTL

FROM: [REDACTED] Deputy Director of Personnel
5E 58, Headquarters
EXTENSION 6825
NO. [REDACTED]
DATE 21 OCT 1976
DD/A Registry 76-5253

TO: (Officer designation, room number, and building)
DATE RECEIVED FORWARDED
OFFICER'S INITIALS
COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

1. Director of Personnel
5E 58, Headquarters
22 OCT 1976 J

2. [REDACTED]
At Tab A is a requirement from [REDACTED] Office of General Counsel, for file information on [REDACTED] STATINTL

3. Deputy Director for Administration
7D 26, Headquarters
22 OCT 1976 B

4. [REDACTED]
At Tabs B and C is material extracted from our Educational Aid Fund files. This material includes references to Messrs. [REDACTED] in connection with an EAF fund raising drive headed by Mr. John McCone. STATINTL

5. Inspector General
2E 24, Headquarters
6. STATINTL
7. [REDACTED]
At Tab B is the material which actually includes the names of these individuals. We have deleted references to the names of other individuals or organizations.

8. Assistant General Counsel
7D 07, Headquarters
9. [REDACTED]
I invite your attention to Tab C. This is a report from the Inspector General to the Director concerning the IG's investigation of the solicitation of corporate contributions for the CIA's Educational Aid Fund. The IG memo and an attachment do not include [REDACTED] STATINTL

10. [REDACTED]
11. [REDACTED]
12. [REDACTED]
13. [REDACTED]
14. [REDACTED]
15. [REDACTED]
could lead to the conclusion not to release the material. In conversations with [REDACTED] however, he thought that we should forward this material to OGC where a decision could be made on whether the tabbed material should or should not be released. STATINTL

(OVER)

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For this reason, I am forwarding the material but urge the DDA, and especially the Inspector General, who authored this report, to make the decision involved. Within Tab C is a report of telephone conversation between the IG and me. I do not believe this falls within the requirement and would urge it be struck on the basis of being an internal conversation, but again, I defer to you for this decision. When making a decision that Tab C be forwarded, I invite your attention to paragraph 4 of the IG memo and Attachment B to that memo.


STATINTL



Attachments

To I & J

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the I.G. +
OCC for
the



STATINTL

For this reason, I am forwarding the material but urge the DDA, and especially the Inspector General, who authored this report, to make the decision involved. Within Tab C is a report of telephone conversation between the IG and me. I do not believe this falls within the requirement and would urge it be struck on the basis of being an internal conversation, but again, I defer to you for this decision. When making a decision that Tab C be forwarded, I invite your attention to paragraph 4 of the IG memo and Attachment B to that memo.

STATINTL 

Attachments

Distribution:

Orig - OGC
1 - DDA
1 - IG
1 - D/Pers
1 - DD/Pers Chrono
1 - DD/Pers/SP-PAB/EAF Files

DD/Pers: :bkf (21 Oct 76)

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✓
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The attached letter was sent to the following contributors to EAF who did not attend Mr. McCone's dinner:

Note: Mr. McCone will write directly to the following contributors:

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1 July 1971

I know from your interest in and contribution to our Educational Aid Fund that you are familiar with the purposes of the Fund and the importance the Agency places on its function as part of its over-all personnel management.

As a result of our drive for employee contributions, Mr. McCone's effective assistance, and other miscellaneous sources of income, this year the Fund had \$27,220 to apply to scholastic grants. One hundred and eleven applications were received and were reviewed individually by the Fund's Selection Committee. They were then rated by the Selection Committee based on need, the Student's willingness and ability to supplement through his own efforts, the student's performance, and the student's ability and motivation as demonstrated by an essay in each case. The one exception to this process is the Wisner Scholar, which award is based on merit alone.

✓ Fifty-three grants were approved, ranging from \$300 to \$700, with the majority at the \$500 level (the lowest ones were based on the applicant's statement that this would meet his needs). Ten alternates were also approved in the event the principal awardees were not accepted by the schools or colleges of their choice. The caliber of the applicants was satisfactorily high, and the need in most cases was only too apparent. Information on a few award winners is presented in the enclosure.

While it is obvious that these grants are highly prized by the awardees, it is also clear that in many cases a higher amount would be justified. The number of applicants has been increasing year by year, and it is certain next year to exceed what I have outlined above. We plan an even more vigorous drive for funds from employees of the Agency, and we will need all the outside assistance we can possibly get. I hope you will keep this in mind in planning your contributions for the coming year.

Sincerely,

A solid black rectangular box used to redact the signature of Lawrence R. Houston.

STATINTL

Lawrence R. Houston
General Counsel

Enclosure

It may be helpful at this point to provide some information on a few of the award winners, with a view to describing for you the types of young people who are being assisted by the Educational Aid Fund. Each case will illustrate a particular criterion taken into consideration when recipients of the grants are chosen: self-help, financial need, and achievement.

The recipient of the Matthew Baird Award is a typical example of a student who has demonstrated the ability to help himself financially, in order to further his education and to assist his family since the death of his father last year. The son of an Agency employee living in Washington, D. C., he worked as a tennis instructor for the D. C. Public School System in the summer of 1970. During the past school year he has been employed after school at the Marriott Junior Hot Shoppes, working from 5:00 to 11:00 p.m. and returning home by bus at 1:00 a.m.; on weekends he does odd jobs. His younger brother is deaf, which must have had some influence in determining his career goal, which is to pursue a college course in Special Education in order to work eventually with blind and deaf children. His extracurricular activities have included leadership roles in the CYO and in his parish youth clubs, advising and counseling of boy scouts, and sports. Representatives of his church and school have commended him for his dedication to others, leadership ability, and diligence in studies.

The John A. McCone Award winner is a girl. The awarding of a grant to this daughter of an employee, who supports seven dependents on an annual salary of less than \$8,000, appropriately illustrates the financial need consideration. Her class standing is first in a class of 140; she has received scholastic awards and the DAR Good Citizenship Award, in addition to having participated in various extracurricular activities. This young lady is motivated by a desire to help others with their social problems and, to this end, she hopes to pursue her education in the field of social work and elementary education.

Outstanding scholastic achievement as a criterion for selection of awardees is well exemplified by another winner. The son of an employee whose deceased husband was also an Agency employee, he is completing his Sophomore year at Yale University. In his two years there he has received all "Honors" and "High Pass" grades; he ranked first in his graduating class of 760 at Wakefield High School, and received exceptionally high scores in the College Entrance Examinations. In addition to his studies, he is engaged in volunteer teaching of New Haven inner-city high school students. His goal is to become a university professor of chemistry; therefore, he intends to work for his Doctorate after graduating from Yale. His college counselor cites his maturity in selecting his courses and working at them, and commends him for his sense of social responsibility.

While it is obvious that these grants are highly prized by the awardees, it is also clear that in many cases a higher amount would be justified. The number of applicants has been increasing year by year, and it is certain next year to exceed what I have outlined above. We plan an even more vigorous drive for funds from employees of the Agency, and we will need all the outside assistance we can possibly get. I hope you will keep this in mind in planning your contributions for the coming year.

Sincerely,



Lawrence R. Houston
General Counsel

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STATINTL

Dear Mr. _____:

I know from your interest in and contribution to the Educational Aid Fund that you are familiar with the purposes of the Fund and the importance I place on it.

This year the Fund received 111 applications, of which 63 were found to be qualifying under the stiff restrictions applied by the Fund. Awards were made to 53 individuals, running from \$300 to \$700, totaling \$27,220. The remaining 10 are alternates. While it is obvious that these grants are highly prized by the awardees, it is also clear that in many cases a higher amount would be justified, but these awards were all the Fund was equipped to provide. The number of applicants has been increasing year by year, and it is certain next year to exceed what I have outlined above.

The Educational Aid Fund needs all the assistance it can possibly get, and I hope you will keep it in mind in planning your contributions for the coming year.

Sincerely,

John A. McCone

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March 18, 1971

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EDUCATIONAL AID FUND

Results to date from current fund-raising efforts:

STATINTL



5,000.00

5,000.00

\$33,100.00

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SUBJECT (Optional)

Executive Registry
7/4-4/21/1

FROM:

OIG

EXTENSION

6565

NO.

DATE

19 August 1974

TO: (Officer designation, room number, and building)

DATE

RECEIVED

FORWARDED

OFFICER'S INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

1.

DCI

8/20

9/20

9

2.

3.

DDA

SS

4.

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7.

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10.

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12.

13.

DD/A

14.

OP

15.

Let us:

a. Stop soliciting or receiving corporate contributions or funds from individuals doing business with us (retirees etc are OK)

b. Advise our oversight committees of this action

To 13: We have advised our committees. No problems

20 SEP 1974

STATINTL

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Executive Registry

74-4631

PERS 74-4646

AUG 1974

Noted by DCS

9/20/74

MEMORANDUM FOR: Director of Central Intelligence

SUBJECT : Solicitation of Corporate Contributions for
the CIA Educational Aid Fund

1. Per your request, we have investigated current and past Agency practices with respect to the solicitation of contributions from corporations and outside individuals for the Educational Aid Fund (EAF). Historically, a 15 April 1964 memorandum from the Office of the General Counsel contained the statement that "it would be proper for the EAF to solicit donations from persons and incorporations with whom the Agency is doing business." However, the memorandum went on to caution against overzealousness in the sense that prospective contributors should not be left with the impression that they could expect any special considerations or benefits as a result of their donations. The newly constituted EAF Board of Trustees held its first meeting on 21 April 1964 and accepted the proposal that contributions to the EAF may be solicited from outside the Agency. The Board of Trustees agreed to compile a list of Agency and OSS alumni who were considered to be good prospects and to approach them for donations. Although the list was compiled and the subject was enthusiastically discussed at a number of subsequent meetings, it appears from the records that nothing of any substance or significance developed until Mr. John Bross, Chairman of the EAF Board of Trustees, met with Mr. John A. McCone in the latter part of 1970.

2. On 16 November 1970, Mr. McCone agreed to give \$50,000 to the EAF over a period of 10 years and to undertake a fund-raising campaign in New York in February 1971 among alumni and others interested in intelligence activities. The latter included

Administrative - Internal Use Only

SUBJECT: Solicitation of Corporate Contributions for the CIA Educational Aid Fund

business friends and associates of Mr. McCone who were affiliated with some of the largest corporations in the United States. The highlight of the campaign was a dinner hosted by Mr. McCone at the Links Club in New York on 10 February 1971 and attended by about half of those invited. The principal speaker at the dinner was Mr. Richard Helms, then the DCI. As a result of the dinner, a number of substantial contributions were made to the EAF as can be seen from Attachment A, which includes lists of outside contributors from 1971 to the present. Since that time there have been no other fund-raising events. However, throughout 1972, Mr. Lawrence Houston, who succeeded Mr. Bross as Chairman, wrote a number of letters of solicitation to previous contributors. Active outside solicitation seems to have subsided by 1973, since contributions to the fund for the past two years have come mainly from Agency employees and former colleagues such as Mr. McCone

STATINTL

3. In our investigation, we could find no one other than Messrs. McCone, Bross, and Houston who solicited donations for the EAF from corporations or individuals outside the Agency. It is inconceivable that any of these three gentlemen could have thought in terms of personal profit in soliciting these donations. Further, we found no evidence to suggest that the Agency consciously bestowed benefits on those who contributed as opposed to those who did not. Although [REDACTED] contributed \$5,000 to the EAF in 1971 and has received briefings by the Agency on a number of occasions over the years, the briefings were related to its work as an Agency contractor and there is no indication that these briefings were occasioned by its contribution. The same situation obtains with respect to the other corporations that contributed to the EAF.

STATINTL

4. As Attachment B, I have included a copy of a personal letter from Mr. McCone to a few of his wealthy business friends. I would call your attention to the penultimate paragraph which could provide considerable nourishment to those who have misgivings

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SUBJECT: Solicitation of Corporate Contributions for the CIA
Educational Aid Fund

about the Agency. Although the tone of the paragraph is perhaps regrettable, there is again no record of any individual or corporation receiving any special treatment as a result of making a contribution to the EAF.

5. Section 201 of Executive Order 11222 (8 May 1965) states that, unless otherwise authorized by regulation, no employee shall solicit any gift from any person, corporation or group which has or is seeking to obtain a contractual or other business or financial relationship with his agency. It would appear, therefore, that the Agency was remiss in undertaking its external fund-raising campaign for the EAF. I am persuaded, however, that there was no misconduct on the part of any Agency employee in this activity, either from the standpoint of personal gain or of providing special benefits to contributors. Nevertheless, given today's climate, I would suggest that you report this past activity to our oversight committees.

STATINTL



Donald F. Chamberlain
Inspector General

Attachments
As Stated

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Personal

January 10, 1971
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When I was Director of Central Intelligence, I was deeply impressed with the quality of the organization - a quality superior to any other agency of government. This superior quality must be preserved.

During my tenure in office, several men were forced to leave and seek private employment because their government salaries, while adequate for their family support at home, did not provide funds necessary to send their children through college.

This worried me and I, therefore, initiated a CIA Educational Aid Fund which is administered by the senior men in the Agency and helps with the problem mentioned above. Since I left the Agency, several attempts have been made to stimulate the Fund but a relatively small amount is contributed annually and hence, there is a short fall between available resources and need.

The problem is handled in the foreign service and in the foreign military services and in the FBI through their alumni associations, i. e., Navy League, Air Force Association, Foreign Service Association, etc. Both the CIA and I are wary of creating such a CIA organization for fear it would be labeled "The Old Spooks".

To help the situation along, I have committed to give \$50,000 personally to the Fund. Also, I am giving a dinner on February 10th at the Links in New York and have invited about 50 of the more prominent and prosperous ex-CIA or OSS associates. The sole purpose of the dinner is to get some help for the Fund.

I think all international companies benefit indirectly and, occasionally directly, from the CIA and, therefore, should be interested in helping to preserve the high quality

of the Agency personnel. Also, I believe that international
companies can justify a contribution to the school. Jack L. Hall

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I would like [REDACTED] to consider a contribution to
this cause which could be made as one-shot contribution or
a more modest contribution spread over several years. I
would like to discuss this with you.

ILLEGIB

Best regards,

Sincerely,

23 May 1974

NOTE FOR THE FILE

SUBJECT: Educational Aid Fund

1. This is to amplify the record of telephone conversation with Don Chamberlain.

2. We are not to solicit funds for EAF from any organization who is contracting with CIA. We are to be especially careful in our solicitation of funds with industry generally. I pointed out to Chamberlain that we are not now soliciting funds at all and that we are only regularly getting money from Mr. McCone and from

STATINTL [REDACTED] Dr. Chamberlain and I agreed that if for some reason we should get another contribution from [REDACTED] or similar institutions, I will be in touch with him before endorsing the check. STATINTL

[REDACTED]
Deputy Director of Personnel

STATINTL

21 May 1974

Telephone call from Dr. Chamberlain to [REDACTED]
(in Mr. Janney's absence):

STATINTL

Chamberlain: You sent Scott all this material on EAF. I went over this with the Director this morning. All I got out of it is not to collect any more donations from an active contractor.

STATINTL

[REDACTED] Now we won't actively solicit. But if something comes in, what do I do with it?

Chamberlain: Is something apt to come in?


STATINTL

[REDACTED] Nothing more than from Mr. McCone, [REDACTED] STATINTL

Chamberlain: That's OK.

STATINTL
STATINTL

[REDACTED] [REDACTED] were in direct response to the appeal. We have not had anything since then and don't expect anything.

Chamberlain: I said I would tell Fred not to go after any more. 

STATINTL

[REDACTED] Personally, I didn't think it was a good idea in the first place, but better minds than mine made that decision. You probably saw the exchange. He said he didn't think they ought to be doing it. . . . I will put this in the record and tell Fred, and if we get a check we will let you know.

Chamberlain: Fine.

STATINTL

[REDACTED] In the last couple of years we have had nothing. Once the direct response to the McCone appeal subsided, the contributions have been from people and real friends like the [REDACTED] not the contractors.

STATINTL

Chamberlain: Fine, I will send your files back.

bkf

20 MAY 1974

MEMORANDUM FOR: Deputy Inspector General

Scott:

I have looked through our EAF files concerning contributions [REDACTED]

STATINTL

By way of background, an effort began in 1970, when John Bross was chairman of EAF, to embark on and organize a fund raising campaign. John McCone agreed to host a dinner meeting, which eventually took place on 10 February 1970 at the Links Club in New York City. A list of possible attendees was prepared and a list of those who actually showed up is attached. In addition, Mr. McCone, Mr. Helms, Larry Houston, John Bross, and [REDACTED] attended. I am also attaching a list of people who received invitations.

STATINTL

Quite separately, the file shows that Mr. McCone initiated correspondence to others. We don't have all such correspondence, but I did find a copy of the letter he sent to.

STATINTL

There are, of course, copies of [REDACTED] attached a breakdown of contributions received during 1971 and since which we specifically relate to Mr. McCone's fund raising dinner meeting.

I am also taking the liberty of sending you our entire file so that you can go through the material yourself to be sure we have not overlooked anything of significance.

STATINTL

[REDACTED]
Deputy Director of Personnel

Attachments

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